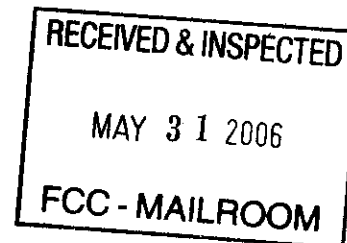

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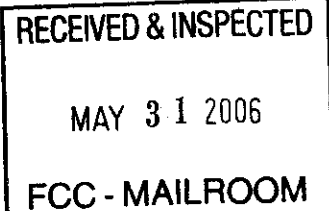


HENKELS & MCCOY, INC.
985 JOLLY ROAD
BLUE BELL, PENNSYLVANIA 19422-0900

CHRISTINE ANN CRAWFORD
VICE PRESIDENT
GENERAL COUNSEL AND SECRETARY
e-mail: ccrawford@henkels.com

Via Fax 202-418-0187
And United States Postal Service Express Mail

May 31, 2006



Federal Communications Commission ("FCC")
Office of the Secretary
445 12th Street, N.W.
Washington, D.C. 20554

RE: REQUEST FOR REVIEW
CC Docket No. 02-6
Schools & Library Division ("SLD")
Universal Service Administrative Company ("USAC")

BILLED ENTITY: Little Rock School District, Arkansas

471 Application Number: 341105
Funding Request Number(s): 1030299, 1030669, 1030699
SLD/USAC Correspondence Dated: April 06, 2006

Dear FCC Reviewing/Hearing Officer:

Henkels & McCoy, Inc. ("H&M") is a service provider under RFP 23-015 for the installation of video PBX systems at several schools of the Little Rock School District ("LRSD") in Arkansas.

Please consider this letter and its enclosures as our Letter of Appeal to the decision by the SLD/USAC dated April 6, 2006. (This decision is attached for your convenience as Exhibit "A").

This Letter of Appeal is related to our pending Letter of Appeal to the FCC, dated November 29, 2005, on the same invoices (see Exhibit "B"). In the pending Letter of Appeal, \$178,283.23 was deducted from the amounts billed by H&M for the services and equipment provided to LRSD.



Little Rock School District

EXHIBIT E

810 West Markham Street
Little Rock, AR 72201

CHIEF FINANCIAL OFFICER

Mark D. Milhollen

Phone: (501) 447-1010

Fax: (501) 447-1159

November 17, 2005

RECEIVED & INSPECTED

MAY 31 2006

FCC - MAILROOM

Federal Communications Commission
Office of the Secretary
445 - 12th Street, SW
Washington, DC 20554

Subject: Request for Review**CC Docket No. 02-6**

This letter is in support of the appeal being filed by Henkels & McCoy in response to the USAC Administrator's decision to deny in full all invoices submitted for the Little Rock School District (LRSD) 471 Application Number 341105.

Billed Entity Number	139544
471 Application Number	341105
Funding Request Numbers	1030699, 1030354, 1030299, 1030525, 1030636, 1030669
Vendor SPIN	143008784

Background

- 471 Application filed February 2003
- 471 Application selected for both PIA and Selective Review
- FCDL issued May 18, 2004

The table below shows a breakdown of the funding by FRN.

Table 1

FRN	SLD Inv Number	Date Paid	Amount Requested	Amount Approved	Amount Paid	Difference
1030699	535884	May 5, 2005	\$167,986.03	\$167,528.86	\$158,666.55	\$8,862.31
1030354	527374	May 5, 2005	\$146,601.91	\$146,144.75	\$144,954.02	\$1,190.73
1030299	535639	May 5, 2005	\$181,993.49	\$181,536.33	\$172,674.02	\$8,862.31
1030525	501242	March 16, 2005	\$186,984.78	\$186,578.42	\$150,928.85	\$35,649.57
1030636	501903	Feb. 21, 2005	\$224,017.86	\$188,311.05	\$94,155.52	\$94,155.53
1030669	493120	Feb. 21, 2005	\$177,959.75	\$177,502.58	\$147,939.80	\$29,562.78
Total			\$1,085,543.82	\$1,047,601.99	\$869,318.76	\$178,283.23

The intent of this letter is to show the negative impact to LRSD students as a result of the decision by the SLD not to honor the Funding Commitment Decision Letter issued May 18, 2004.

Federal Communications Commission
November 17, 2005
Page 2

Throughout the PIA process, LRSD answered several questions regarding this application. Additionally, the District participated in a Selective Review and in April of 2005 an audit was conducted at Watson Elementary School (FRN 1030669). At no time during this process was there any indication from the SLD that they had identified problems with this application.

In the RFP issued in 2002, LRSD clearly stated that implementation of this project was completely dependent upon receipt of E-rate funding and that the vendor would be responsible for filing all invoices with the SLD while LRSD would be responsible for ineligible products and services as well as the District's percentage of eligible products and services. As was stated earlier, that funding was approved in May of 2004, and work on this project began shortly thereafter. Funds in the amount of \$178,283.23 are not, and have never been, included in the LRSD budget since the project implementation was based on receipt of E-rate funds.

Our service provider, Henkels & McCoy (H&M), received notification from the SLD that each invoice submitted would be reduced by the amounts shown in **Table 1, Page 1**. There is no consistency in the reduction amounts, even though the same categories of products and/or services were reduced for each FRN. Of particular concern, is FRN 1030636 which was reduced by 50%. H&M filed an appeal that was denied in full on September 30, 2005. In this denial letter it states that Form 474 included costs for ineligible products and/or services.

LRSD strongly disagrees with this reduction and denial of appeal. The products and services identified for denial are all eligible products and services for Funding Year 2003—2004. Each eligible product and service is associated with the E-rate qualification on the Item 21 attachment for this application as well as the vendor invoice.

LRSD viewed the receipt of the FCDL as a "green light" to begin the project. Since the District had participated in a thorough review process, we had no reason to think we would be responsible for any other funds other than what was indicated in the FCDL. This begs the question, when is a FCDL truly a FCDL? The District may have elected to cancel the project had we known that over a year later committed funds would be denied.

We ask that you review all documentation associated with 471 Application Number 341105 and instruct the SLD to honor the FCDL issued on May 18, 2004. If the SLD decision is not reversed, LRSD will have to make payment to H&M from funds intended for other scheduled technology projects and upgrades that directly impact LRSD students. In the meantime, LRSD will schedule a meeting with the State of Arkansas congressional delegation to discuss this situation as we think this denial is grossly unfair to the LRSD and its patrons.

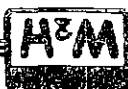
If you have any questions regarding this documentation, please contact the LRSD E-rate Coordinator, Lucy Neal, at either 501-447-1303 or lucy.neal@lrzd.org.

Sincerely,



Mark D. Milhollen
Chief Financial Officer
MDM:ca

Exhibit "F"

HENKELS & MCCOY, Inc.**VIA FAX 973-599-6542**

985 JOLLY ROAD • P. O. BOX 950
BLUE BELL, PENNSYLVANIA 19422-0900
(215) 283-7600
Direct Line: 215-283-7714
aselfart@henkels.com

December 22, 2005

Letter of Appeal
Schools & Libraries Division (SLD)
Universal Service Administrative Company (USAC)
Box 125 - Correspondence Unit
80 South Jefferson Road
Whippany, NJ 07981

RE: Form 471 Application Number: 341105
SPIN Number: 143008784
FRN Invoice Numbers: 1030699, 1030354, 1030299,
1030669
Funding Year: 2003
LITTLE ROCK SCHOOL DISTRICT

Dear SLD/USAC Customer Service Bureau Representative:

Henkels & McCoy, Inc. ("H&M") is a service provider under RFP 23-015, for the installation of video PBX systems, at several schools of the Little Rock School District. We are writing to appeal the Notice of Commitment Adjustment Letter for Funding Year 2003, dated October 25, 2005 (See Exhibit A). We believe no violation of program rules has taken place and no funds, as alleged, were committed and paid to H&M in violation of program rules.

The Commitment Adjustments referenced are only to the following invoices or FRN#'s: 1030699, 1030354, 1030299 and 1030669 ("Invoices"). The total amount of requested Commitment Adjustments equal an amount in excess of \$66,305.00, which we believe is unreasonable and not supported by facts. We again repeat and incorporate by reference the arguments made in our first Appeal to the SLD/USAC of improper deductions to the Invoices, among others, dated May 20, 2005, and the Request for Review by the FCC on the same Invoices, among others, dated November 29, 2005 (See Exhibit B and C, without attachments). After further examination of the Invoices and the above Commitment Adjustment explanations, the basis for such decision is unclear to us and arbitrary when the indicated items were either previously discounted or the items are known to be or were previously deemed eligible items for the 2003 Funding Year. This Appeal seeks a further explanation and accounting of the eligible items set forth in the

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Page 2
December 22, 2005

Invoices and/or a stay of this Commitment Adjustment procedure pending review by the FCC of our previously submitted Request for Review.

In some cases, we believe a discrepancy and cause for the reductions to the Invoices may exist solely due to the words used to describe certain items, which possibly, in a cursory examination may not appear to be an eligible product. We believe that if given an opportunity to identify the specific products or line items that have been deemed ineligible, we would be able to provide valid eligible product descriptive names, if not clear on their face, that are consistent with the FCC rules and the Eligible Services List. We attempted to contact the SLD/USAC for further detailed explanations, but such attempts have gone unheeded. For example: terms used by H&M such as "De-Modulator- CATV Tuners" is a product being utilized to distribute one signal to the classroom for educational purposes, and does not display multiple channels, but rather one preset educational channel to multiple classrooms; "Install Classroom Software and Configure" is considered operational software and a core component of the Safari System which allows system control and only e-rateable items are installed, such as the Safari DMC, which is a media converter; "Head-End Training" is the basic technical training provided to Media Specialists, IT Director and other Network Personnel who will maintain the system functions, operating procedures and upkeep. All of the above are eligible items that should be compensated as provided under the SLD/USAC program rules if installed or performed at the LRSD.

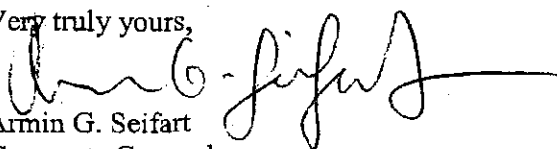
With respect to each of the subject invoices an E-Rate Funding Commitment Decision Letter was issued, dated May 18, 2004 (Funding Year 2003) for an amount that, except in one case, differed by not more than \$2000 less than the H&M Item 21 submitted amount. Nevertheless, H&M performed the approved work relying on the amounts approved by the SLD/USAC in the Funding Commitment Letters and invoiced the SLD/USAC for all completed work and allowed equipment, materials and services.

The total of all deductions mentioned above from the May 18, 2004 Funding Commitment Decision Letter approved amounts equal \$178,362.20. With the addition of another \$66,305.00 that is now being requested as a refund to the SLD/USAC, H&M will be in a position of foregoing an amount in excess of \$244,667.00 when services and equipment have been provided in good faith and in reliance on the original Funding Commitment Decision Letter. H&M respectfully requests an opportunity to review the reasons for such large deductions, and now requests for adjustment or refunds, and in addition, the opportunity to resubmit such invoices with legitimate corrections as allowed and substantiated by additional documentation, language corrections or inspections if necessary. The LRSD has use of and is benefiting from the full value of the H&M work performed, and H&M is entitled to receive full payment for SLD/USAC eligible equipment, materials or services. The LRSD also relied on the original Funding Commitment Decision Letters in procuring eligible services and budgeted for such services and equipment in contemplation of receiving the SLD/USAC program benefits.

Page 3
December 22, 2005

Please contact either me at the number listed above or Dean Giambrone at 215-283-7730, for more information or to discuss these issues further. We appreciate your attention to these important matters.

Very truly yours,


Armin G. Seifart
Corporate Counsel

CC: Lucy Neal (LRSD)
Dean Giambrone (H&M)



Universal Service Administrative Company
Schools & Libraries Division

EXHIBIT A

Notification of Commitment Adjustment Letter
Funding Year 2003: 7/01/2003 - 6/30/2004

October 25, 2005

Al Hussey
Henkels & McCoy Inc.
515 Huffines Blvd
Lewisville, TX 75056 1306

Re: SPIN: 143008784
Form 471 Application Number: 341105
Funding Year: 2003
FCC Registration Number
Applicant Name: LITTLE ROCK SCHOOL DISTRICT
Billed Entity Number: 139544
Applicant Contact Person: LUCY NEAL

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of program rules.

In order to be sure that no funds are used in violation of program rules, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) must now adjust the overall funding commitment. The purpose of this letter is to make the adjustments to the funding commitment required by program rules, and to give you an opportunity to appeal this decision. USAC has determined the service provider is responsible for all or some of the program rule violations. Therefore, the service provider is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for SLD to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of the Demand Payment Letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at www.universalservice.org/new/2004.asp#083104 for more information regarding the consequences of not paying the debt in a timely manner.

TO APPEAL THIS DECISION:

If you wish to appeal the Commitment Adjustment Decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Numbers you are appealing. Your letter of appeal must include the Billed Entity Name, the Form 471 Application Number, Billed Entity Number, and the FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow the SLD to more readily understand your appeal and respond appropriately. Please keep your letter specific and brief, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

If you are submitting your appeal electronically, please send your appeal to appeals@sl.universalservice.org using your organization's e-mail. If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Box 125- Correspondence Unit, 80 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by contacting the Client Service Bureau at 1-888-203-8100. We strongly recommend that you use the electronic appeals option.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket Nos. on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site, or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

FUNDING COMMITMENT ADJUSTMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from the application for which adjustments are necessary. Immediately preceding the Report, you will find a guide that defines each line of the Report.

The SLD is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on these Funding Request Numbers, a separate letter will be sent to the applicant detailing the necessary applicant action.

Please note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Please note the Funding Commitment Adjustment Explanation in the attached Report. It explains why the funding commitment is being reduced. Please ensure that any invoices that you or the applicant submit to USAC are consistent with program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds the Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the service provider is responsible for repaying.

Schools and Libraries Division
Universal Services Administrative Company

cc: LUCY NEAL
LITTLE ROCK SCHOOL DISTRICT

A GUIDE TO THE FUNDING COMMITMENT ADJUSTMENT REPORT

Attached to this letter will be a report for each funding request from your application for which a commitment adjustment is required. We are providing the following definitions.

FUNDING REQUEST NUMBER (FRN): A Funding Request Number is assigned by the SLD to each individual request in your Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

CONTRACT NUMBER: The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on Form 471.

SERVICES ORDERED: The type of service ordered by applicant, as shown on Form 471.

BILLING ACCOUNT NUMBER: The account number that you have established with your customer for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.

ORIGINAL FUNDING COMMITMENT: This represents the original amount of funding that SLD had reserved to reimburse for the approved discounts for this service for this funding year.

COMMITMENT ADJUSTMENT AMOUNT: This represents the amount of funding that SLD has rescinded because of program rule violations.

ADJUSTED FUNDING COMMITMENT: This represents the adjusted total amount of funding that SLD has reserved to reimburse for the approved discounts for this service for this funding year. If this amount exceeds the Funds Disbursed to Date, the SLD will continue to process properly filed invoices up to the new commitment amount.

FUNDS DISBURSED TO DATE: This represents the total funds that have been disbursed for this FRN as of the date of this letter.

FUNDS TO BE RECOVERED FROM SERVICE PROVIDER: This represents the amount of Improperly Funds Disbursed to Date for which the service provider has been determined to be primarily responsible. These improperly disbursed funds will have to be recovered from you, the service provider.

FUNDING COMMITMENT ADJUSTMENT EXPLANATION: This entry provides an explanation of the reason the adjustment was made.

**Funding Commitment Adjustment Report
Form 471 Application Number: 341105**

Funding Request Number:	1030299
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$181,536.33
Commitment Adjustment Amount:	\$32,230.47
Adjusted Funding Commitment:	\$149,305.86
Funds Disbursed to Date:	\$172,674.02
Funds to be Recovered from Service Provider:	\$23,368.16

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$32,230.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$23,430.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$35,811.63. At the applicant's 90 percent discount rate this resulted in an improper commitment of \$32,230.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, www.sl.universalservice.org, Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$32,230.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
CHECK TO ENSURE TIMELY PROCESSING**

Funding Request Number:	1030354
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$146,144.75
Commitment Adjustment Amount:	\$22,645.47
Adjusted Funding Commitment:	\$123,499.28
Funds Disbursed to Date:	\$144,954.02
Funds to be Recovered from Service Provider:	\$21,454.74
Funding Commitment Adjustment Explanation:	

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$22,645.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$12,780.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$25,161.63. At the applicant's 90 percent discount rate this resulted in an improper commitment of \$22,645.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, www.sl.universalservice.org, Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$22,645.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
CHECK TO ENSURE TIMELY PROCESSING**

Funding Request Number:	1030669
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$177,502.58
Commitment Adjustment Amount:	\$30,952.47
Adjusted Funding Commitment:	\$146,550.11
Funds Disbursed to Date:	\$147,939.80
Funds to be Recovered from Service Provider:	\$1,389.69
Funding Commitment Adjustment Explanation:	

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$30,952.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$22,010.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$34,391.63. At the applicants 90 percent discount rate this resulted in an improper commitment of \$30,952.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, www.sl.universalservice.org, Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$30,952.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
CHECK TO ENSURE TIMELY PROCESSING**

Funding Request Number:	1030699
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$167,528.86
Commitment Adjustment Amount:	\$29,035.47
Adjusted Funding Commitment:	\$138,493.39
Funds Disbursed to Date:	\$158,587.58
Funds to be Recovered from Service Provider:	\$20,094.19
Funding Commitment Adjustment Explanation:	

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$29,035.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$19,880.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$32,261.63. At the applicant's 90 percent discount rate this resulted in an improper commitment of \$29,035.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, www.sl.universalservice.org, Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$29,035.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
CHECK TO ENSURE TIMELY PROCESSING**

Al Hussey
Henkels & McCoy Inc.
515 Huffines Blvd
Lewisville, TX 75056 1308

HENKELS & MCCOY, Inc.

EXHIBIT D

VIA FAX 973-599-6542

985 JOLLY ROAD • P. O. BOX 950
BLUE BELL, PENNSYLVANIA 19422-0900
(215) 283-7600
Direct Line: 215-283-7714
aseifart@henkels.com

May 20, 2005

Letter of Appeal
Schools & Libraries Division (SLD)
Universal Service Administrative Company (USAC)
Box 125 - Correspondence Unit
80 South Jefferson Road
Whippany, NJ 07981

RE: Little Rock School District
FRN Invoice Numbers: 1030699, 1030354, 1030299, 1030525,
1030669 and 1030636
SPIN Number: 143008784

Dear USAC Customer Service Bureau Representative:

Henkels & McCoy, Inc. ("H&M") is a service provider under RFP 23-015, for the installation of video PBX systems, at several schools of the Little Rock School District. We are writing to appeal the deductions taken on certain invoices, and to request the reasons for such deductions so that we may correct them if possible in order to receive 100% of the invoiced amount. The invoices in question are the following: FRN 1030699 (Brady), FRN 1030354 (Fair Park), FRN 1030299 (Franklin), FRN 1030525 (Rockefeller), FRN 1030669 (Watson) and FRN 1030636 (Wakefield). A breakdown of the subject invoices and the amount of the discrepancies between an invoiced amount and the amount paid by the SLD can be found in Exhibit A, attached hereto.

With respect to each of the subject invoices an E-Rate Funding Commitment Decision Letter was issued, dated May 18, 2004 (for funding year 2003) for an amount that, except in one case, differed by not more than \$2000 less than the H&M Item 21 submitted amount. (See Funding Commitment Letter attached as Exhibit B). On invoice FRN 1030636 (Wakefield) the Funding Commitment Decision Letter amount was approximately \$8300 less, but this is mostly due to a change in scope for the Wakefield School, as described in a revised Funding Commitment Letter, dated November 8, 2004. (See Exhibit C) Nevertheless, H&M performed the approved work relying on the amounts approved by the SLD in the Funding Commitment

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Page 2
May 20, 2005

Letters and invoiced the SLD for all completed work and allowed equipment, materials and services.

On May 9, 2005 H&M received ACH payments for invoices and FRN's 1030699, 1030354, 1030299, each being, \$8,941.28, \$1,190.73 and \$8,862.31, respectively, less than the approved Funding Commitment Decision Letter amount. No explanation was provided with the payment or notice received reciting the reason for such deductions. On March 16, 2005 H&M received a check for invoice FRN 1030525, that was \$35,649.57 less than the approved Funding Commitment Decision Letter amount. No explanation was provided with the payment or notice received reciting the reason for such deduction. On February 21, 2005 H&M received checks for invoices FRN 1030636 and FRN 1030669, each being \$94,155.53 and \$29,562.78, respectively, less than the approved Funding Commitment Decision Letter amount. Again, no explanation was provided with the payment or notice received reciting the reason for such deductions. In the case of invoice FRN 1030636, the amount paid by SLD was exactly 50% less than the submitted and approved amount, but no explanation was received for such deduction.

The total of all deductions mentioned above from the May 18, 2004 Funding Commitment Decision Letter approved amounts equal \$178,362.20. H&M in good faith performed work from the approved lists provided for the 2003 funding year under the SLD programs. H&M respectfully requests an opportunity to review the reasons for such large deductions, and in addition, the opportunity to resubmit such invoices with legitimate corrections as allowed and substantiated by additional documentation, language corrections or inspections if necessary. The Little Rock School District has use of and is benefiting from the full value of the H&M work performed, and H&M is entitled to receive full payment for SLD approved equipment, materials or services.

Please contact either Dean Giambrone at 215-283-7730, Al Hussey at 972-512-2922 or me, at the number listed above to discuss these issues further. We appreciate your attention to these important matters.

Very truly yours,


Armin G. Seifart
Corporate Counsel

CC: Sharon Dowdy (EDS)
Lucy Neal (Little Rock SD)
Dean Giambrone, H&M
Al Hussey, H&M
Jim Duffy, H&M

HENKELS & MCCOY, Inc.

EXHIBIT C



VIA FAX 202-418-0187
AND USPS EXPRESS MAIL

985 JOLLY ROAD • P. O. BOX 950
BLUE BELL, PENNSYLVANIA 19422-0900
(215) 283-7600

Direct Line: 215-283-7714
aseifurt@henkels.com

November 29, 2005

FEDERAL COMMUNICATIONS COMMISSION (FCC)
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

RE: REQUEST FOR REVIEW
CC Docket No. 02-6

Schools & Libraries Division (SLD)
Universal Service Administrative Company (USAC)

Billed Entity: Little Rock School District (LRSD)
471 Application Number: 341105
FRN Invoice Numbers: 1030699, 1030354, 1030299, 1030525,
1030669 and 1030636
Vendor SPIN Number: 143008784

Dear FCC Reviewing/Hearing Officer:

Henkels & McCoy, Inc. (H&M) is a service provider under RFP 23-015, for the installation of video PBX systems, at several schools of the LRSD. H&M hereby files a Request for Review of the decision of the SLD/USAC dated September 30, 2005 that "Denied in Full" H&M's appeal of the reduction/denial of H&M's invoices specified above (See Exhibit A). H&M's original Appeal to the SLD/USAC was dated May 20, 2005 (See Exhibit B, without attachments). The stated reason for such denial by the USAC Decision was that our "Form 474 included costs for ineligible products and/or services: Emerson CATV Tuner, Installation of Classroom File Commander and Remote Desktop Software, Power Strips, Little Rock Tax, and End-User Training on Head End that is not directly related to the installation of eligible products." After further examination of the specified invoices and the above denial explanation, the basis for such decision is unclear to us and the calculation of the reduced payment amounts do not coincide with the line items that are deemed to be ineligible. This Request for Review seeks a further explanation and accounting of the method used for determining the reductions in H&M's invoices, in the total amount of \$178,283.23, and moreover,

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November 29, 2005
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100% payment for all eligible items as indicated in the Funding Commitment Decision Letters referenced below.

In some cases, we believe a discrepancy and cause for the reductions to the invoices may exist solely due to the words used to describe certain items, which possibly, in a cursory examination may not appear to be an eligible product. We believe that if given an opportunity to identify the specific products or line items that have been deemed ineligible, we would be able to provide valid eligible product descriptive names that are consistent with the FCC rules and the Eligible Services List. We attempted to contact the SLD/USAC for further detailed explanations, but such attempts have gone unheeded. For example: terms used by H&M such as "De-Modulator- CATV Tuners" is a product being utilized to distribute one signal to the classroom for educational purposes, and does not display multiple channels, but rather one preset educational channel to multiple classrooms; "Install Classroom Software and Configure" is considered operational software and a core component of the Safari System which allows system control and only e-rateable items are installed, such as the Safari DMC, which is a media converter; "Head-End Training" is the basic technical training provided to Media Specialists, IT Director and other Network Personnel who will maintain the system functions, operating procedures and upkeep. All of the above are eligible items that should be compensated as provided under the SLD/USAC program rules if installed or performed at the LRSD.

The invoices in question are the following: FRN 1030699 (Brady), FRN 1030354 (Fair Park), FRN 1030299 (Franklin), FRN 1030525 (Rockefeller), FRN 1030669 (Watson) and FRN 1030636 (Wakefield). A breakdown of the subject invoices and the amount of the discrepancies between the invoiced amount and the amount paid by the USAC/SLD is found below in Table 1:

Table 1

FRN	SLD Inv Number	Date Paid	Amount Requested	Amount Approved	Amount Paid	Difference
1030699	535884	May 5, 2005	\$167,986.03	\$167,528.86	\$158,666.55	\$8,862.31
1030354	527374	May 5, 2005	\$146,601.91	\$146,144.75	\$144,954.02	\$1,190.73
1030299	535639	May 5, 2005	\$181,993.49	\$181,536.33	\$172,674.02	\$8,862.31
1030525	501242	March 16, 2005	\$186,984.78	\$186,578.42	\$150,928.85	\$35,649.57
1030636	501903	Feb. 21, 2005	\$224,017.86	\$188,311.05	\$94,155.52	\$94,155.53
1030669	493120	Feb. 21, 2005	\$177,959.75	\$177,502.58	\$147,939.80	\$29,562.78
Total			\$1,085,543.82	\$1,047,601.99	\$869,318.76	\$178,283.23

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With respect to each of the subject invoices an E-Rate Funding Commitment Decision Letter was issued, dated May 18, 2004, for funding year 2003 (See Funding Commitment Letter attached as Exhibit C). With respect to invoice FRN 1030636 a revised Funding Commitment Decision Letter was issued and is dated November 8, 2004 (See Revised Funding Commitment Letter attached as Exhibit D). H&M performed the approved work relying on the amounts approved by the SLD/USAC in the Funding Commitment Letters and invoiced the SLD/USAC in a timely manner for all completed and eligible equipment, materials and services.

On May 9, 2005 H&M received ACH payments for invoices and FRN's 1030699, 1030354, 1030299, for amounts less than the approved Funding Commitment Decision Letter amount. No explanation was provided with the payment or notice received reciting the reason for such deductions. On March 16, 2005 H&M received a check for invoice FRN 1030525, which was substantially less than the approved Funding Commitment Decision Letter amount. No explanation was provided with the payment or notice received reciting the reason for such deduction. On February 21, 2005 H&M received checks for invoices FRN 1030636 and FRN 1030669, for amounts substantially less than the approved Funding Commitment Decision Letter amount. Again, no explanation was provided with the payment or notice received reciting the reason for such deductions. In the case of invoice FRN 1030636, the amount paid was exactly \$50% less than the submitted and approved amount, but no explanation was received for such deduction.

H&M in good faith performed work from the eligible product and services lists provided for the 2003 funding year under the SLD/USAC programs. H&M respectfully requests an opportunity to review the reasons for such large deductions, and in addition, the opportunity to resubmit such invoices with legitimate corrections as allowed and substantiated by additional documentation, language corrections or inspections if necessary. The LRSD currently has use of and is benefiting from the full value of the H&M work completed to date, and H&M is entitled to receive full payment for eligible equipment, materials or services. The LRSD has submitted a letter, signed by its Chief Financial Officer, in support of this Request for Review and a copy is attached for your review (See Exhibit E).

In addition, for your information, and indicative of the confusion and lack of clarity of issues on eligible products and their definitions, H&M and the LRSD received a Notification of Commitment Adjustment Letter from the SLD/USAC, dated October 25, 2005 which now requests refunds (of approximately \$66,305.00) by H&M for already disbursed amounts and relating to items on four of the subject invoices (#'s 1030299, 1030354, 1030669 and 1030699) (See Exhibit F). The Notification of Commitment Adjustment Letter will be appealed in a timely manner in a separate document to the SLD/USAC, but deserves mention here as it relates directly to the reasons that merit this

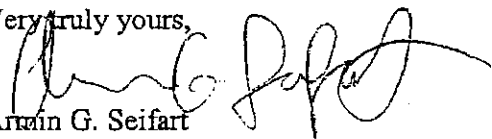
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Request for Review, and increases the potential loss to H&M to approximately \$244,588.00 on services and products that were provided in good faith, and in accordance with the Funding Commitment Decision Letters of the SLD/USAC and ultimately the FCC.

We believe that the products and services provided by H&M were eligible products under the SLD's E-Rate Program. H&M should be afforded the opportunity to verify and/or clarify any product or service definitions so they can be consistently applied. Additionally, H&M should receive full compensation for its services as permitted and expected under the approved SLD/USAC Funding Commitment Letters.

Please contact me at 215-283-7714 or aseifart@henkels.com to discuss these issues further. We appreciate your attention to these important matters.

Very truly yours,



Armin G. Seifart
Corporate Counsel

CC: Lucy Neal (LRSD)